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TechWatch - Blooks, Lulu & the Publishing Industry

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When thinking about what to write for my first YVCS newsletter article I immediately thought of writing on the paradigm shift happening in publishing. My thoughts then turned to books and a new concept called “the *blook*”. A blook is a book published via the blog paradigm.

One of the first blooks, and the one I have been reading, is called Hackoff.com (it can be found at the same URL). Tom Evslin, a successful technology innovator, is the author of the blook. For those of you who are not aware of Tom here is a little background on him: Tom was one of the first successful Macintosh software developers, sold his company to Microsoft, oversaw the development of the first versions of Back Office, Outlook and Exchange. He then went to AT&T where he moved AT&T to a flat rate pricing schedule for dial-up Internet access. After AT&T, Tom ended up at ITXC, where he helped rollout commercial grade VOIP.

You might be saying, “I have seen this before”; John Battelle has been writing his blog (www.battellemedia.com) for a while now which was a window into the book he was writing called "The Search: How Google and Its Rivals Rewrote the Rules of Business and Transformed Our Culture", that is now available in hardcover. There have been others too (Jason Chervokis and Seth Godin) however hackoff.com is different because Tom is making the blog part of the overall reading experience; in effect, the blook is an essential part of reading the book.

Hackoff.com is a murder mystery set during the Internet mania/bubble. Murder mysteries such as this inevitably get people talking: Whodunnit? Publishing a book of this genre in blook format is a great idea because the links, comments and discussions will be an essential part of the reading experience. The blog format has also allowed Tom to leverage the power of the audience through an RSS feed and e-mail list that will deliver the latest chapters directly to your aggregator or inbox as soon as they are published. However, the interactivity doesn't stop there.

Tom has numerous blogrolls for people who link to the blook in their posts, maintain a constant link via services like Word of Blog, write reviews of Hackoff.com, and post about blooks in general. He has also set up a fake company website for Hackoff.com which will hold company press releases and other data to enhance the reading experience. All of this makes Hackoff.com a unique reading experience that I highly recommend.

Now, to the paradigm shift in the publishing industry I mentioned earlier. Many of the comments I have seen on books so far have said that books are the new wave that will bring down the traditional publishing industry (isn't this what was originally said about digital music?). What has digital music done to the traditional music labels? It appears to me that it has actually increased sales. I personally love that I am no longer forced to buy a whole CD for one or two songs. Having been burned before in the pre-digital music age I would sometimes be deterred from buying a CD if I wasn't sure of a new band. Now I can sample the tunes and buy the whole CD or single tracks. My music spending has definitely increased and I have heard the same story from many of my peers. Also, with the advent of Pandora, I can now find artists that I otherwise would not have.

It doesn't appear that Tom is looking to publish his book solely in book form. In fact, he mentions that a traditional hardcover version of Hackoff.com will be available in early 2006. I am not sure if Tom is publishing via a traditional publisher or a self-publisher like Lulu.com. For those who don't know, Lulu is a self-publisher (or as they say: a technology company that allows people to retain control of their work) not to be confused with your standard run-of-the-mill vanity press. Lulu allows an author to upload their piece to Lulu's site at which point Lulu operates in a similar fashion to CafePress. Lulu will publish an author's book on demand as books are ordered managing the logistics as well. Lulu also allows the author to keep much more of the profit than traditional publishers. Leave it to Bob Young, co-founder of open source giant Red Hat, to come up with this business model.

So, it looks like books in and of themselves are probably not going to undermine the publishing industry; at least, not yet. However, books in combination with companies like Lulu could by allowing the public to sample books through the book format would allow the author to build a strong and evangelistic audience. This audience would no doubt buy the author's book through Lulu if it were offered leaving the author with complete creative rule over his/her creation and a substantially larger royalty check in hand.

This combination combats the detractors of a shift in the publishing paradigm who say that author's need the publishing house's advertising resources and network of book stores to get a book sold in large numbers. The book is a democratic advertising campaign that allows the customers to decide who and what gets published. When customers decide who will get published Lulu takes over. Lulu eliminates a lot of the costs that dog traditional publishers including the large number of books that do not get sold. These books are shipped back to the publisher at the publisher's expense. After returning to the publisher these books are shipped back out, with a publisher's mark, to discount booksellers and sometimes even to the store that sent them back in first place. If they are still not sold the publisher pays to have the shipped back again and they are recycled. Talk about inefficiency. Lulu eliminates this with on demand publishing.

It appears as if the tipping point would come with a big author, someone like Dan Brown for instance, publishing via the book-Lulu system. However, if enough good content gets published via the new paradigm the tipping point could still be reached through the buzz

that early adopters would create and the stickiness that would follow once authors learned how the system was better for them. This paradigm shift would allow information to be freely distributed with no gatekeepers involved besides the reading public itself. After all, who says that the best way of deciding what gets published is a small number of high powered publishing executives sitting around with market surveys in their hands as their guides?

-- All opinions expressed in the above article are those of Eric Olson himself and do not represent the opinions of Cambridge Associates, LLC.

Bio: Eric Olson is currently a private equity and venture capital analyst with Cambridge Associates, LLC, an investment consulting firm with a strong reputation in the non-marketable alternative assets space. Previous to working at Cambridge Associates and finding the venture capital industry, Eric spent much of his time in the public markets culminating in an equities department internship at Eaton Vance Management. Eric has been featured in such publications as Investors Business Daily and the Christian Science Monitor and has published articles in Young Money Matters as well as on his blog, The Wannabe Venture Capitalist (thewannabevc.blogspot.com). Currently, Eric is working on putting together a podcast which can be found at VentureWeek.com. Outside of business and venture capital, Eric is the Vice President of Finance and Chair of the Finance Committee for the Charles River Wheelmen, a bicycle club based in Boston. Eric graduated from Bentley College magna cum laude in 2004 with a Bachelor of Science degree in Finance and a minor in Information Technology.